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INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE

S E C R E T STATE 000996

SIPDIS

E.O. 12958: DECL: 01/06/2035

TAGS: MTCRE PARM PREL MNUC ETTC KSCA SZ IR

SUBJECT: SWISS FIRM QUARTZCOM COLLUDING WITH IRANIAN FRONT COMPANY IN ATTEMPT TO SKIRT EXPORT CONTROLS (S)

REF: A. 08 STATE 101519

1B. 08 BERN 000514  
1C. 08 STATE 122304  
1D. 08 BERN 000594  
1E. 08 STATE 132055  
1F. 09 BERN 000059  
1G. 09 BERN 000118  
1H. 09 STATE 115194  
1I. 09 BERN 000498  
1J. 09 BERN 000510

Classified By: ISN/MTR DIRECTOR PAM DURHAM, REASON: 1.4 (C)

11. (U) This is an action request. Embassy Bern, please see paragraph 4.

12. (S) Background: On several occasions in 2008 and 2009, we discussed with Swiss officials efforts directed by the Iranian procurement entity FEDCO to procure crystal oscillators from the Swiss firm Quartzcom (Refs A-G). These efforts included the use of FEDCO front companies in Malaysia and the UAE, and also involved discussions between Quartzcom and FEDCO aimed at evading Swiss export laws. In response to our concerns, Swiss officials investigated the information we provided and met with Quartzcom's management, who pledged to abandon all of the firm's Iran-related activities. (Note: In November we provided the GOS information indicating that Quartzcom had also received an order for quartz oscillators from the Syrian firm Business Lab. In this case, Swiss officials obtained Quartzcom's agreement to "abstain voluntarily" from the planned sale to Syria. (Refs H-J) End note.)

13. (S) Background (continued) and Objectives: We now want to advise the GOS of new information indicating that as of late November 2009, a Quartzcom representative and a director of FEDCO were discussing options for evading Swiss export laws in an effort to supply goods to Iran. Specifically, the FEDCO director (acting as a representative of FEDCO's Singapore based front company Opto Electronics) suggested routing a shipment of Iran-bound goods through China instead of Singapore, in order to avoid problems encountered with a previous shipment. We are concerned with Quartzcom's apparent willingness to circumvent Swiss export controls, especially after having already been approached by GOS officials, and want to encourage Switzerland to take all measures necessary to prevent Quartzcom from engaging in trade with Iran or with entities affiliated with Syria's WMD or ballistic missile programs.

14. (S) Action Request: Request Embassy Bern approach appropriate host government officials to deliver talking points/non-paper in paragraph 5 below and report response. Talking points also may be provided as a non-paper.

15. (S) Begin talking points/non-paper:

(SECRET//REL SWITZERLAND)

-- We would like to alert you to information of proliferation

concern and request your assistance in investigating this activity.

-- On several occasions in 2008 and 2009, we discussed with you Iranian and Syrian efforts to procure crystal oscillators from the Swiss firm Quartzcom.

-- The Iranian efforts were directed by the Iran-based procurement firm Farazeh Equipment Distributor Company (FEDCO) and involved the use of the Malaysia-based FEDCO front company Evertop Services and the UAE-based FEDCO front company Alkaen Equipment and Industrial Supplies LLC.

-- We also advised you that it appeared that Quartzcom and FEDCO were exploring ways of getting around Swiss export laws.

-- In March 2009, we were pleased to learn that you had met with Quartzcom's management, who said that Quartzcom would abandon all of its Iran-related activities.

-- We now have new information we would like to share with you related to Quartzcom's recent activities.

-- We understand that as of late November 2009, FEDCO and Quartzcom continued to discuss options for evading Swiss export control laws in an effort to supply goods to Iran.

-- Specifically, our information indicates that a FEDCO director, acting as a representative of FEDCO's Singapore-based front company Opto Electronics, advised a Quartzcom representative to send an order of Iran-bound goods to an intermediary in China instead of Singapore.

-- The FEDCO director suggested this course of action in order to avoid problems encountered with a previous shipment of goods.

-- Given Quartzcom's apparent willingness to cooperate with FEDCO in circumventing Swiss export controls, we would encourage you to view with suspicion its assurances that it would abandon all of its Iran-related activities.

-- We also urge you to investigate this information and take all appropriate measures to ensure that Quartzcom is not acting as a supplier to Iran or to entities affiliated with Syria's WMD or ballistic missile programs.

-- We hope this information is helpful and appreciate your continued vigilance in this matter. We look forward to continuing our excellent cooperation on nonproliferation issues and to hearing of any updates on the progress of your investigation of this case.

End talking points/non-paper

16. (U) Washington POC is ISN/MTR John Paul Herrmann (Phone: 202-647-1430). Please slug any reporting on this issue for ISN/MTR and EUR/CE.

17. (U) A word version of this document will be posted at [www.state.sgov.gov/demarche](http://www.state.sgov.gov/demarche).  
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